

## Message Text

LIMITED OFFICIAL USE

PAGE 01 LAGOS 07061 251032Z

10

ACTION EB-07

INFO OCT-01 AF-06 ISO-00 COME-00 L-03 CIAE-00 INR-07

NSAE-00 /024 W

----- 065621

R 241558Z JUL 75

FM AMEMBASSY LAGOS

TO SECSTATE WASHDC 346

LIMITED OFFICIAL USE LAGOS 7061

E.O. 11652: N/A

TAGS: BDIS, NI

SUBJECT: WARNER AND WARNER PARTNERS FALL OUT

1. IN CONVERSATION LAST WEEK DR. KUMOLU-JOHNSON WHO ACTS AS MANAGING DIRECTOR IN NIGERIA FOR WARNER AND WARNER INTERNATIONAL ASSOCIATES (NIGERIA) LIMITED SOLICITED EMBASSY'S ASSISTANCE IN RESOLVING DISAGREEMENT WITH AMERICAN PARTNER OVER PAYMENT OF CORPORATE OBLIGATION TO FLYING TIGER LINE FOR AIR CHARTERS FROM US TO LAGOS.

2. WE APPRECIATE THAT STATE/COMMERCE CANNOT ACT FOR DR. JOHNSON BUT BECAUSE AGENCY OF FEDERAL MILITARY GOVERNMENT INVOLVED AND IN VIEW OF POTENTIAL EMBARRASSMENT TO US INDUSTRY AS WELL AS GOVERNMENT BELIEVE IT WOULD BE DESIRABLE FOR STATE/COMMERCE DISCUSS SITUATION WITH AMERICAN PARTNER, EDWARD BRICE, IN ORDER TO ESTABLISH FACTS OF SITUATION AND ASCERTAIN WHAT IF ANYTHING WE MIGHT DO TO ASSIST IN RESOLUTION.

3. AS DR. JOHNSON SUMMARIZED SITUATION TO US POINT IMMEDIATELY AT ISSUE IS PAYMENT OF \$352,928 TO FLYING TIGER LINE FOR 4 AIR CHARTERS CONTRACTED FOR AND BILLED TO WARNER AND WARNER INTERNATIONAL ASSOCIATES, NIGERIA, OF WHICH DR. T. A. KUMOLU-JOHNSON IS MANAGING DIRECTOR AND TO WHOM FLYING TIGER HAS BEEN ADDRESSING REQUESTS FOR PAYMENT. WARNER AND WARNER INTERNATIONAL IS JOINT VENTURE BETWEEN NIGERIAN GROUP (60 PERCENT) AND US GROUP

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 LAGOS 07061 251032Z

HEADED BY EDWARD W. BRICE. ACCORDING TO JOHNSON, IT WAS AGREED

AT TIME JOINT VENTURE FORMED THAT BRICE WHO MAINTAINS WASHINGTON OFFICE IN WARNER AND WARNER NAME AT 1730 PENNSYLVANIA AVE. (TELEPHONE 202-466-2083) WOULD MAKE PAYMENT FOR GOODS AND SERVICES OBTAINED IN US, AND IN KEEPING THAT AGREEMENT WARNER AND WARNER NIGERIA TRANSFERRED TO BRICE SUM OF \$600,000 IN MARCH 1975 IN ORDER TO COVER AIR FREIGHT OBLIGATION. PAYMENT ALLEGEDLY MADE TO AMERICAN SECURITY AND TRUST COMPANY FOR ACCOUNT OF WARNER AND WARNER INTERNATIONALS.

4. JOHNSON ALLEGES NOW THAT BRICE HAS NONETHELESS FAILED TO PAY FLYING TIGER LINE AND INSTEAD HAS ASSERTED TO FLYING TIGER (WILLIAM R. OHARA, TELEX 674496) THAT HE HAS NOT RECEIVED NECESSARY FUNDS FROM LAGOS OFFICE OF WARNER AND WARNER. JOHNSON ALLEGES THAT ALTHOUGH HE HAS BEEN PRESSING BRICE TO PAY \$352,928 TO FLYING TIGER AND RETURN BALANCE TO LAGOS BRICE HAS FAILED TO ACT AND HAS GIVEN JOHNSON NO RPT NO EXPLANATION FOR HIS FAILURE TO ACT. JOHNSON ADDS THAT SITUATION PARTICULARLY EMBARRASSING TO HIM BECAUSE \$600,000 THAT HE TRANSFERRED TO BRICE WAS ADVANCE THAT HE OBTAINED FROM FEDERAL HOUSING AUTHORITY ON EXCEPTIONAL BASIS IN ORDER TO MEET REQUIREMENT FOR AIR FREIGHTING BADLY NEEDED BUILDING FORMS.

5. STATE/COMMERCE SHOULD BE AWARE THAT JOHNSON HAS LONG LIST OF OTHER ALLEGATIONS AGAINST BRICE AND HIS US PARTNERS AND THESE ADD UP TO CHARGE THAT US PARTNERS HAVE BEEN CONVERTING TO THEIR OWN USE FUNDS THAT JOHNSON HAS TRANSFERRED TO THEM FOR PROCUREMENT OF GOODS AND SERVICES IN US. ACCORDING TO JOHNSON, WARNER AND WARNER OBTAINED 14 MILLION NAIRA CONTRACT TO BUILD 199 DUPLEX UNITS FOR BLACK ARTS FESTIVAL AND IN ADDITION TO \$600,000 TRANSFERRED FOR AIR FREIGHT IN QUESTION JOHNSON HAS REMITTED TO BRICE SUM OF \$1,450,000 OUT OF MIBILIZATION MONEY RECEIVED FROM FMG FOR WHICH HE HAS NOT YET HAD SATISFACTORY ACCOUNTING. JOHNSON WOULD OF COURSE WELCOME ANY INFORMATION OR EXPLANATION THAT BRICE MIGHT OFFER ABOUT USES TO WHICH THAT \$1,450,000 PUT BUT HE IS PURSUING THAT SEPARATELY AND MATTER IN WHICH HE SPECIFICALLY SOLICITED EMBASSY ASSISTANCE IS \$600,000 AIR FREIGHT TRANSFER.

6. WE ARE CONCERNED ABOUT THIS SITUATION NOT ONLY BECAUSE IT INVOLVES US COMPANY AND IMAGE OF US INDUSTRY IN NIGERIA BUT LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 LAGOS 07061 251032Z

ALSO BECAUSE WARNER AND WARNER CONTRACT IS WITH FEDERAL HOUSING AUTHORITY WHICH HAS RESPONSIBILITY FOR BLACK ARTS FESTIVAL HOUSING. AT SOME STATE DISPUTE BETWEEN PARTNERS IS LIEKLU TO ENGAGE FMG, PARTICULARLY IF THERE ARE ALLEGATIONS OF WRONGFUL CONVERSION OF MONEY OBTAINED FROM FHA, AND WE WOULD LIKE TO BE IN POSITION, IF AND WHEN THAT HAPPENS, TO DEMONSTRATE THAT ALTHOUGH USG CANNOT COMPEL SETTLEMENT OF DISPUTE, IT HAS NONETHELESS DONE EVERYTHING IT APPROPRIATELY COULD TO ASSIST

IN ITS RESOLUTION.

CROSBY

LIMITED OFFICIAL USE

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** greeneet  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975LAGOS07061  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750257-0316  
**From:** LAGOS  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1975/newtext/t19750726/aaaaaxcf.tel  
**Line Count:** 117  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** greeneet  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 27 AUG 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <27 AUG 2003 by ShawDG>; APPROVED <15 DEC 2003 by greeneet>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** WARNER AND WARNER PARTNERS FALL OUT  
**TAGS:** BDIS, NI  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006